THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANANR-THANAN): (a) to (c) Due to the extreme distress caused to the farmers in Andhra Pradesh by extensive damage to the crops affected by pests and drought severely impairing the repaying capacity of the borrowers, a relief package was extended to the affected farmers in Adnhra pradesh as a special case. Reserve Bank of India (RBI) has issued instrsuctions in this regard to the Andhra pradesh State Level Bankers Committee Convenor Bank i.e. Andhra Bank. These relief measures include no recovery of either principal or interest from the affected farmers for a period of two years; conversion/reschedulement of loan for a period of 7 years excluding initial moratorium period of two years; and sanction of fresh crop loans to the affected farmers, etc. There will be no compounding of interest in respect of these rescheduled loans. RBI has also instructed its regional office at Hyderabad to ensure strict compliance of the instructions by banks in the affected areas.

Collective Investment Schemes

2224. SHRI AMAR SINGH: Will the Minister of FINANCE be pleased to state:

(a) what is the total number of Collective Investment Schemes known as plantation issues, which are functioning at present and how much funds have since been mobilised by the promoters of theses schemes;

(b) whether the SEBI has appointed any Committee to formulate a draft regulatory regime for the issue of CIS companies; and

(c) if so, the details of the recommendations made by it and what decision has been taken thereon?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) As per information provided by SEBI, there are 653 entities which have mobilised Rs. 2562.83 crore from the public by way of collective investment schemes such as plantation, horticulture, animal Husbandry schemes etc.

(b) and (c) SEBI had appointed a committee to formulate the Regulations for collective investment schemes and the committee has submitted the draft Regulations to SEBI on 31st December, 1998. The major recommendations of the committee *inter-alia* are:

(i) a two tire structure for the collective investment schemes on the lines of mutual funds with a Trust and an investment management company;

(ii) Compulsory registration with SEBI and only SEBI approved trustees to be Trustees of the Schemes;

(iii) A mandatory credit rating of the schemes by recognised credit rating agency; and

(iv) A minimum networth requirement of Rs. 10 crore for the collective investment management company.

The recommendations of the committee's report have been circulated by SEBI for public discussion and comments have been invited from investors and scheme operators.

Reduction in the level of Subsidies

2225. SHRIMATI URMILABEN CHIMANBHAI PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the cut in subsidies has been done under the influence and pressure of foreign powers;

(b) whether it is also a fact that the cut in subsidies on consumer items will directly and adversely affect the people living below the poverty line; and

(c) if so, the alternative scheme intiated by Government to provide relief to the people?

THE MINISTER OF FINANCE (SHPI YASHWANT SINHA): (a) No. Sir.

(b) and (c) Central issue Prices (CIP) of wheat at Rs. 250/quintial and for rice at Rs. 350/quintal supplied under Targeted Public Distribution System (TPDS) to below poverty line families have not been changed.

Facilities for Exchanging Soiled Notes in Gujarat

2226. SHRI BRAHMAKUMAR BHATT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the currency notes of denominations of Rupees two and five have become soiled and people are facing difficulties in exchanging them;

(b) whether it is also a fact that the RBI made arrangements for exchanging the soiled notes of smaller denomination for coins in Ahmedabad;

(c) if so, whether similar facilities would be made available in other cities of Gujarat; and

(d) whether Government propose to issue new notes of Rupees two and Rupees five in lieu of the soiled notes and if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c) As a long term policy, Government has coinised notes of Re. 1, Rs. 2 and Rs. 5 and hence printing of notes of these denominations was stopped from September' 94, January' 95 and November' 95, respectively. While the notes remain legal tender, the intention of Government is to remove these notes from circulation. Facilities are already available at all public sector banks for exchange of soiled notes for coins; the RBI has recently introduced a special drive for exchange of soiled notes of Re. 1, Rs. 2 and Rs. 5 at all its Issue Offices. This special drive has been given wide publicity by RBI in all the national/ regional dailies, requesting for co-operation of the public to exchange such soiled notes for coins. Such exchange facilities are already available both in Ahmedabad and other cities of Gujarat.

(d) Since the Government has coinised notes of Re. 1, Rs. 2 and Rs. 5 and printing of notes of these denominations has been stopped to release the capacity for printing of notes of higher denominations, the question of issuing fresh notes of the lower denominations does not arise.

Slump in Credit Deposit Ratio

2227. SHRI JALALUDIN ANSARI: SHRI GURUDAS DAS GUPTA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the credit deposit ratio of the banking system has slumped considerably during the year 1998-99;

(b) if so, the details thereof and the reasons therefor; and

(c) how it is going to be resulted in the financial performance of the banks during the year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) and (b) The credit deposit ratio (C/D) of banks during the year 1998-99 (upto February 12, 1999) was 50.6 percent as against 53.9 percent for the corresponding period of the previous year. Reserve Bank of India have reported that the decline witnessed in the C/D ratio of banking system may be mainly attributed to the lower off take of credit from the banking system, and continued growth in bank deposits.